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Global service delivery model for the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the global service delivery model for the United Nations Secretariat (A/71/417). During its consideration of the report, the Advisory Committee met with the representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 21 November 2016.

2. The report of the Secretary-General was submitted pursuant to General Assembly resolution 70/248 A, section XIX, in which the Assembly requested the Secretary-General to provide a refined and detailed proposal on the global service delivery model. The Secretary-General states that his report builds upon the work outlined in his previous report, on the framework for a global service delivery model of the United Nations Secretariat (A/70/323),[1] and takes into account the related decisions of the General Assembly (see resolution 70/248 A), as well as the recommendations of the Advisory Committee in its previous report (A/70/436) and those of oversight bodies.

3. In its resolution 70/248 A, the General Assembly made a number of specific requests regarding the issues to be addressed in the detailed proposal on the global service delivery model, in particular, the need for a business case, including an end-state vision, clear goals and objectives, as well as a detailed cost-benefit analysis and comprehensive baseline information. The Assembly reiterated the importance of ensuring that the global service delivery model fully took into account lessons

[1] Referred to as the "framework report".

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learned and best practices of all ongoing business transformation initiatives so as to maximize benefits, avoid possible duplication and overlap and ensure coherence. The Assembly stressed that the development of the global service delivery model should be limited to the provision of administrative support services and take into account the use of all existing United Nations infrastructure, including that away from Headquarters.

II. General comments and observations

4. The Secretary-General indicates that his report sets out the vision for the global service delivery model and progress on the development of the model, including baseline information and qualitative and quantitative benefits. He also indicates that detailed proposals will be included in the respective budget proposals, subject to the decisions to be taken by the General Assembly on the proposals contained in his report. **The Advisory Committee welcomes the submission of the report of the Secretary-General and the progress made in further developing the proposals for a global service delivery model for the United Nations Secretariat.**

5. In considering the report of the Secretary-General, the Advisory Committee examined the proposals for the development of a global service delivery model in the light of the requests made by the General Assembly in its resolution 70/248 A, as well as the issues emphasized in the previous report of the Committee (A/70/436), on the framework report (A/70/323).

III. Comments and observations on specific aspects

A. Objectives and end-state vision

6. In his report, the Secretary-General indicates that the vision of the global service delivery model is to provide administrative support services that effectively enable the fulfilment of the mandates of the United Nations, guided by the principles of: client orientation and adaptability; service excellence; effective organizational performance management; and the simplification, specialization and consolidation of the future business model (see A/71/417, paras. 2 and 3 and figure I). He also indicates that the global service delivery model will realign the Secretariat's administrative architecture to better distinguish strategic from operational activities and strategic oversight from administrative service delivery, and will also clarify roles and responsibilities and establish the required authority of each entity. The Advisory Committee was also informed that the global service delivery model was a corporate, enterprise-wide reform initiative for the delivery of standardized administrative services across the Secretariat, including peacekeeping and other field-based entities.

7. The Secretary-General proposes a phased approach, with the objective of reaching a minimum number of end-state locations, and also proposes a minimum of two locations with capacity to operate critical functions in order to ensure business continuity in the event that one location becomes temporarily inoperable. He further

proposes a transition phase of initial consolidation in 2018-2019 (phase 1) in order to achieve the end state in 2020-2021 (phase 2) (ibid., para. 18).

B. Scope, methodology and assessment

8. The Secretary-General indicates that, in accordance with section XIX of General Assembly resolution 70/248 A, the development of the global service delivery model is limited to the provision of administrative support services. He also indicates that, in line with the direction set out in the framework report, administrative processes are being reviewed with a view to: (a) simplifying the administrative functions and workflow on the basis of a review of administrative processes, policies, procedures and delegations of authority, and leveraging information and communications technology in the delivery of an end-to-end administrative process; (b) specializing administrative responsibilities under distinct roles, allowing for a greater concentration of expertise and consistency of administrative services, with client entities relinquishing most transactional administrative responsibilities to focus on their core mandates and strategic administrative responsibilities, such as budget formulation, financial management and other management functions; and (c) consolidating administrative capacity across the Secretariat, with transactional administrative services being delivered through shared services centres and expertise-based administrative services provided by centres of excellence.

9. The Secretary-General also indicates that an assessment and categorization of 386 administrative processes, including processes delivered within and outside of the enterprise resource planning system (Umoja), was conducted in early 2016 on the basis of the six-part methodology outlined in the framework report.[2] A summary of the assessment is provided in paragraphs 7-14 of the report of the Secretary-General. The Secretary-General indicates that of the 386 administrative processes assessed, 201 were categorized as "hub" or location-independent, with potential for consolidation into shared service arrangements; 57 were categorized as processes to be performed at headquarters or relating to the provision of strategic direction, formulation of policy, oversight and leadership on stakeholder engagement; and 60 were categorized as local or location-dependent and non-transferable, such as the formulation of budgets, the coordination of audits, staff selection and other management functions. Sixty-eight Umoja Extension 2 processes, which may be considered in the future, were considered to be out of scope. Figure II in the report

[2] The six parts of the methodology are as follows: part 1: location-dependence assessment of administrative processes and categorization as headquarters (strategic direction, formulation of policy, oversight and leadership on stakeholder engagement), hub (processes that are performed locally but have the potential to be partially or fully consolidated, simplified or automated in a shared service environment) or local (location-dependent, non-transferable processes); part 2: assessment of the business impact and difficulty of moving the process to a shared services centre; part 3: mapping of functional roles to the corresponding organizational structures in the Secretariat, in order to identify where functional roles are currently located and quantify the workload expended for each process; part 4: identification of potential sites for consolidated administrative services, taking into account qualitative and cost-benefit considerations; part 5: development of a business case for the global service delivery model; and part 6: development of a risk framework to assess potential risks and articulate a risk mitigation strategy.

of the Secretary-General provides a breakdown of the 386 administrative processes by process owner functional area, as follows: finance (157); corporate services (110); human resources (65); logistics (34); events (11); corporate services/events (5); and information and communications technology (4). The 201 administrative processes categorized as "hub" processes comprise 108 related to finance, 41 to human resources and 52 to corporate services. **The Advisory Committee welcomes the efforts made to conduct a global service delivery model assessment on the basis of the application of the above-mentioned six-part methodology.**

10. In this regard, the Advisory Committee recalls that in its previous report, it emphasized the need for a comprehensive inventory of all processes, with details on their location-dependency status and baseline information, such as the volume of activity, the locations from which the service was provided and related resources, including staffing resources (see A/70/436, para. 27). **The Advisory Committee is of the view that the summary data contained in section IV of the report of the Secretary-General should be revised to include more detailed information on each functional area and process or group of processes, building on the information provided in annex III to the framework report (A/70/323).**[1] **The Committee believes that in order to facilitate consideration of the Secretary-General's proposals for the implementation of a global service delivery model for the United Nations Secretariat, it is essential to provide the General Assembly, at the outset of the project, with a comprehensive and detailed inventory covering the totality of the 201 location-independent processes that can potentially be considered for consolidation into shared service arrangements and clearly identify those that are to be implemented during each phase of the project. In the absence of such an inventory, the scope of the Secretary-General's proposals for a global service delivery model for the United Nations Secretariat is not clear, in particular, the proportion of the existing processes that are covered by the Secretary-General's proposals. Accordingly, the Committee reiterates its earlier recommendations regarding the establishment and presentation of a comprehensive inventory of administrative processes (see A/70/436, para. 27).**

11. **Furthermore, given that the global service delivery model for the United Nations Secretariat is intended to cover the requirements for the delivery of administrative services across the Secretariat, the Advisory Committee stresses the need for a harmonized Secretariat-wide catalogue of processes and groups of processes performed across all duty stations, including field missions. In this regard, the Committee also stresses the need to build on the experience acquired during the implementation of the global field support strategy, in particular, the organization of end-to-end processes into service lines at the Regional Service Centre in Entebbe, Uganda (see A/71/417, paras. 70 (b) and 76; see also A/70/754). The Committee trusts that the Secretary-General will ensure that his proposals are based on a coherent and uniform approach to the**

[1] Annex III to the framework report contains the findings of a preliminary assessment of 347 administrative processes in the form of a table summarizing the list of headquarters, hub and local processes by functional area (finance, human resources, corporate services and logistics and supply chain) and distinguishing between those performed within and those performed outside of Umoja.

delivery of administrative services across all parts of the United Nations Secretariat, including peacekeeping, and thus avoid any duplication and overlap (see General Assembly resolution 70/248 A, sect. XIX, para. 11).

C. Global service delivery model proposals

12. The report of the Secretary-General covers shared services in four areas: (a) human resources administration and payroll; (b) accounts payable; (c) travel, travel claims and ticket payment processing; and (d) procurement. It contains service delivery proposals for the first two areas, and partly for the third area, for implementation in phase I (2018-2019). For travel, travel claims and vendor ticket payment processing, and procurement, it is indicated that a proposal will be submitted in the future. The report also contains proposals for the expansion of shared services to the field and the consolidation of services within existing duty stations. The business case for the global service delivery model and each of the proposals described above is contained in sections V and VI.A of and annex III to the report, and it is indicated that further detailed information will be included in the respective budget proposals. The Advisory Committee comments in paragraphs 30-40 below on the full-time equivalent (FTE)[4] analysis and business case and on baseline information provided in support of the global service delivery model proposals contained in the report of the Secretary-General.

13. In his report, the Secretary-General proposes a phased approach for the implementation of the global service delivery model, including: (a) a first phase, in 2018-2019, for an initial consolidation of three end-to-end processes (human resources, payroll and accounts payable) into six main administrative service providers[5] so as to leverage existing capacity and infrastructure in major regions during the transition phase; and (b) a second phase, in 2020-2021, for achieving the end state of two locations (see para. 7 above). The Secretary-General indicates that three parameters have been established for the initial consolidation in 2018-2019: (a) a redistribution of the workload within the same time zone to the extent possible, taking into account local specificities; (b) a redeployment of resources across duty stations only if the receiving duty station is unable to absorb the additional workload within existing resources; and (c) a mitigation of any movement of resources that would result in increased costs.

[4] The FTE concept is used to convert the hours worked by several staff performing specific functions on a part-time basis into the hours worked by a full-time employee.

[5] The six locations proposed for consolidating service delivery in phase I (2018-2019) include: (a) New York, responsible for all New York-based entities, the Economic Commission for Latin America and the Caribbean, the United Nations Stabilization Mission in Haiti and other field missions in the region; (b) Geneva, responsible for its current clients as well as field offices of the Office for the Coordination of Humanitarian Affairs; (c) Nairobi, responsible for its current clients as well as the Economic Commission for Africa and the Economic and Social Commission for Western Asia; (d) Vienna, responsible for its current clients; (e) Bangkok, responsible for its current clients; and (f) Entebbe, responsible for its current and proposed expanded group of clients, including national staff and individual uniformed personnel.

1. Human resources administration and payroll

14. With regard to human resources administration and payroll (see A/71/417, paras. 21-36), the Secretary-General indicates that: (a) at present, transactions in the areas of human resources administration, entitlements, and consultants and individual contractors are processed by 26 entities; (b) at present, following the implementation of Umoja cluster 5 in November 2016, payroll activities are being carried out in a partially consolidated manner from 10 locations;[6] (c) in the first phase of consolidation (2018-2019), the workload will be distributed among the six locations mentioned in footnote 5, with client support desks in nine locations[7] to maintain close client proximity; (d) in the second phase (2020-2021), it is envisioned that human resources administration and payroll functions can be consolidated globally into two shared services centres, the locations of which have yet to be determined, subject to decisions of the General Assembly; (e) qualitative benefits in phase 1 (2018-2019) include a single point of entry for clients, better-defined governance arrangements and accountability, simplified delegations of authority, consistent and efficient service delivery, business continuity of human resources administration and payroll functions, integration of human resources administration and payroll for field and non-field staff and other personnel, and enhanced standardization of processes; and (f) quantitative benefits consisting of a reduction of 51 FTEs, from 341 to 290, related to the consolidation of services in field operations, can be achieved in 2020-2021 on the basis of the assumption of achieving a 15 per cent reduction (see paras. 36-40 below).

2. Accounts payable

15. With regard to accounts payable (ibid., paras. 37-46), the Secretary-General indicates that: (a) the current service delivery model for processing accounts payable transactions by location, payment type and originating entity is highly decentralized and fragmented, with many staff members (more than 1,000 in the first quarter of 2016) creating or approving accounts payable documents as part of their wider functions, in addition to staff members handling accounts payable transactions on a full-time basis in a number of locations; (b) in the first phase of consolidation (2018-2019), the workload will be distributed among six locations, with client support desks in nine locations to provide client support functions (see para. 14 above); (c) in the second phase (2020-2021), it is envisioned that accounts payable functions can be consolidated globally into two shared services centres, the locations of which have yet to be determined, subject to decisions of the General Assembly; (d) qualitative benefits in phase 1 (2018-2019) include: increased efficiency, quality and timeliness; improved consistency and transparency; optimization of workload distribution; availability of a simple, clear process for the client; and opportunities for achieving economies of scale and further streamlining processes; and (e) quantitative benefits consisting of a reduction of 21 FTEs, from 140 to 119, can be achieved in the second phase (2020-2021) (see paras. 36-40 below).

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[6] Addis Ababa, Bangkok, Beirut, Geneva, Nairobi, New York, Santiago and Vienna, as well as Entebbe and Kuwait for national staff and individual uniformed personnel of field missions.

[7] The client support desks will be set up at the six locations mentioned in footnote 5, as well as in Addis Ababa, Beirut and Santiago.

3. Travel, travel claims and ticket payment processing

16. With regard to travel, travel claims and ticket payment processing (see A/71/417, paras. 47-58), the Secretary-General indicates that: (a) while some steps have been taken to rationalize the decentralized travel structure as part of Umoja deployment,[8] 59 Secretariat entities process travel and over 100 travel agency partners remain; (b) the future travel service delivery model involves the further consolidation and provision of travel services[9] by regional shared services centres and the establishment of a global lump sum team and a global shipment team, as well as some locally retained functions[10] and continued provision of headquarters functions[11] by the Office of Central Support Services and the Office of Programme Planning, Budget and Accounts; (c) in the first phase (2018-2019), the travel processing offices of field missions supported by the Department of Field Support will be consolidated in the Regional Service Centre in Entebbe; consideration will be given to the consolidation or co-location of travel processing offices within the same city, the integration of the vendor ticket payment function with the travel processing offices and the establishment of a global lump sum team and a global shipment team; (d) for the second phase (2020-2021), further assessment, detailed analysis and consultation will be required for the proposed consolidation of travel, travel claims and ticket payment functions into regional shared services centres; and (e) qualitative and quantitative benefits include the maintenance of existing proximity to both clients and vendors, the ability to better address clients' time-critical requirements and benefit from regional vendor contracts and discounts, and increased opportunities to achieve economies of scale and cost reductions while maintaining the flexibility to book non-traditional travel outside of vendor contracts (see paras. 37-41 below; see also para. 47 below).

4. Procurement

17. With regard to procurement (see A/71/417, paras. 59-63), the Secretary-General indicates that: (a) the Organization has a decentralized procurement model with more than 40 distinct procurement operations; (b) the future procurement service delivery model will consist of greater specialization of strategic and operational activities, clarification of roles and authorities, simplification of procedures, increased responsiveness to operational needs and greater consolidation of transactional administrative services, and will aim to leverage global buying power; and (c) the consolidation of procurement functions requires further assessment, detailed analysis and consultation, and a proposal will be submitted for consideration by the General Assembly in the context of a future progress report.

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[8] For example, the travel operations of the Office for the Coordination of Humanitarian Affairs were consolidated in four global hubs and most of the global travel operations of the United Nations Environment Programme and the United Nations Human Settlements Programme were consolidated in Nairobi.

[9] Including airline negotiations with carriers, ticketing through travel agents, vendor ticket payments and the provision of support to travellers and other stakeholders.

[10] Including the approval of non-commercial travel and the provision of travel-related services, such as airport duties, visas, the reporting of personnel changes to the host country, shipment customs clearance assistance and possible conference support.

[11] Including strategic direction, the formulation of policy, oversight and leadership on stakeholder engagement related to travel, travel claims and ticket payment.

5. Expansion of shared services to the field

18. With regard to the expansion of shared services to the field (ibid., paras. 64-71), the Secretary-General indicates that: (a) of the 37 field missions served by the Department of Field Support, the Regional Service Centre in Entebbe provides services[12] to 12 missions, which account for approximately 60 per cent of all civilian and uniformed personnel serving in the field, while the remaining 25 missions are supported through traditional stand-alone mission support or inter-mission cooperation arrangements; (b) for the future service delivery model, it is proposed that the current client base of the Regional Service Centre be expanded to all field operations supported by the Department on the basis of the current model, except for the missions in the Americas region, which will be serviced from the New York location, and that the organizational structure and resourcing be augmented with the additional personnel necessary to support the expanded client base; (c) in phase 1 (2018-2019), an incremental transfer of the administrative support services from the remaining missions to the Regional Service Centre is proposed, subsequent to a readiness assessment of the Centre and missions, which will also serve as an opportunity to review, validate and adjust the current operating model; (d) the role of the Kuwait Joint Support Office will also be reviewed during the first phase, taking into account the further development of the global service delivery model and the transition of the remaining field missions to the Regional Service Centre, as well as disaster recovery and business continuity requirements; (e) for the second phase (2020-2021), it is envisaged that location-independent processes will be aligned with the decisions to be taken as part of the implementation of the global service delivery model, including consolidation globally into two shared services centres for human resources administration, payroll and accounts payable, subject to decisions of the General Assembly; (f) qualitative benefits include improved standardization, consistency and quality control; the timely and efficient provision of support in managing mission start-up, evacuations and drawdown; a reduced number of personnel in insecure environments; and the ability to leverage the Regional Service Centre and its service lines, systems and quality management approaches; and (g) preliminary quantitative benefits are estimated at $11.8 million over a three-year period, taking into account personnel, operational and set-up costs, on the basis of the assumption of achieving efficiency gains of 15 per cent resulting in a reduction in requirements for human resources and finance personnel (see paras. 36-40 below).

19. The Secretary-General indicates that in phase 1, to ensure that administrative support services within missions can be transferred to the Regional Service Centre in Entebbe, a readiness assessment of the Regional Service Centre and missions will be conducted early in the design phase, which will provide an opportunity to review, validate and possibly adjust the current operating model, including ensuring alignment of the model with Umoja and the performance management framework. The Secretary-General states that the transfer of administrative support services will be effected incrementally and will take into consideration factors such as organizational and data readiness, geographical proximity, mission size, field mission budget cycles and phase of a mission (start-up, steady state or drawdown).

[12] Including logistics, information technology and administrative transactional support, including human resources, payroll and travel services.

Furthermore, the role of the Kuwait Joint Support Office will be reviewed, taking into account the further development of the global service delivery model, disaster recovery and business continuity requirements and the above-mentioned transition of field mission services to the Centre. **The Advisory Committee is of the view that the proposals for the expansion of shared services to the field are at a very preliminary stage and have yet to be developed on the basis of the above-mentioned assessment and review.** The Committee provides additional comments on the proposed expansion of shared services to the field in paragraph 46 below. The Committee also comments on peacekeeping locations, including the Kuwait Joint Support Office, in paragraphs 28 and 29 below.

6. Consolidation of services within existing duty stations

20. With regard to the consolidation of administrative services at United Nations Headquarters in New York (see A/71/417, paras. 72-85), the Secretary-General indicates that: (a) at present, the delivery of administrative services in New York is fragmented, with various components delivered by the executive and administrative offices of departments and offices, and other components delivered by offices of the Department of Management in addition to their headquarters functions; (b) as a prerequisite to the consolidation of location-independent processes globally, a shared services centre in New York, organized by service line, will consolidate functions categorized as hub or location-independent, while functions identified as local and strategic to the work programme of each department will be retained within each department and office; (c) in the first phase of consolidation (2018-2019), the shared services centre will consolidate human resources administration and payroll, accounts payable, and travel, travel claims and ticket payment processing and will also integrate any local functions that could benefit from consolidation; (d) in the second phase (2020-2021), location-independent processes will be aligned with decisions to be taken as part of the global service delivery model, including consolidation globally into two shared services centres for human resources administration, payroll and accounts payable, subject to decisions of the General Assembly, with further alignment as the model develops and is implemented across the Secretariat; (e) qualitative benefits expected in phase 1 (2018-2019) include: a single point of entry for administrative support services and client support; further streamlining of business processes; strengthened accountability for end-to-end processes; identification of redundancies in work processes; opportunities to benefit from economies of scale; and realignment of resources to enhance the quality of services provided; and (f) the consolidation of administrative services at Headquarters in New York in the first phase is not expected to result in quantitative benefits (see paras. 36-40 below). The Advisory Committee comments on this proposal in paragraphs 42-46 below.

D. Governance and organizational arrangements

21. As part of the transitional arrangement proposed for the initial consolidation in the biennium 2018-2019, it is proposed that a new subsection be added to section 29 of the proposed programme budget for the biennium 2018-2019 and that the establishment of new shared services centres and client support desks be included under that subsection. In his report, the Secretary-General indicates that the

Under-Secretary-General for Management would be responsible for the development of shared services and accountable for the resources of the new shared services subsection.

22. It is also indicated that the heads of administration of the offices away from Headquarters and the regional commissions, as appropriate, will have dual reporting lines, to their heads of office and to the Under-Secretary-General for Management, for the delivery of administrative services at their respective locations, in line with their delegated authority. **While noting that the above-mentioned reporting arrangements for offices away from Headquarters are proposed for the transition period, the Advisory Committee considers that there is a need for greater clarity on the proposed management structures and dual reporting lines, as well as on organizational and financial implications. Accordingly, the Committee recommends that the General Assembly request the Secretary-General to provide further details and explanations on the management structures and dual reporting lines, as well as on the proposed new subsection under section 29 of the programme budget, in the next progress report.**

23. The Secretary-General indicates that client orientation is one of the guiding principles for the development of the global service delivery model, and that the approach taken is to focus on the delivery of high-quality, timely and standardized administrative services, placing client needs foremost (see also para. 47 below). **The Advisory Committee is of the view that the provision of remote services must include an effective customer relationship management system to track, report and address issues and complaints and take into account feedback from clients, and that such reporting constitutes a key performance indicator for service centres. The Committee trusts that the Secretary-General will provide proposals for the performance management framework for the global service delivery model in his next report.**

E. Funding and cost-sharing arrangements

24. With regard to the resource requirements for the implementation of the project, the Secretary-General indicates in his report that as the global service delivery model encompasses administrative support services across the Secretariat, it should be financed from among the main sources of funds, namely, the regular budget, peacekeeping and extrabudgetary resources. It is proposed that the same percentages that were endorsed by the General Assembly for Umoja in its resolution 63/262 be applied, as follows: 15 per cent from the regular budget; 62 per cent from the support account for peacekeeping operations; and 23 per cent from the special accounts for programme support costs. **The Advisory Committee recommends the approval of the Secretary-General's proposal.**

25. The Advisory Committee is of the view that there is also a need for information on the financing of the services provided by shared services centres once the global service delivery model has been implemented, including on how those services would be costed, and for information on cost recovery arrangements, which would have an impact on the budgets of all sections, field missions and other entities using shared services. **The Advisory Committee recommends that the**

General Assembly request the Secretary-General to include in his next report a proposal for costing and cost recovery of shared services.

F. Location assessment

26. Information on location assessment is provided in paragraphs 92-97 of the report of the Secretary-General. The Secretary-General indicates that a working group was established to assess the following 11 existing Secretariat administrative service providers: United Nations Headquarters (New York), offices away from Headquarters (Nairobi, Geneva and Vienna), regional commissions (Bangkok, Beirut, Addis Ababa and Santiago) and three locations from which shared services are provided for peacekeeping and special political missions (Entebbe, Kuwait and Brindisi, Italy).

27. The Secretary-General also indicates that, as requested by the General Assembly, staff costs were included as one of the criteria in the evaluation of possible locations for shared services centres (ibid., para. 94). Upon enquiry, the Advisory Committee was informed that operational costs varied across locations and that such costs would have to be reviewed in order to provide a comparable approach when the methodology for the assessment was further refined. **The Advisory Committee recommends that the General Assembly request the Secretary-General to also include operational costs as part of the criteria in the evaluation of possible locations for shared services centres.**

28. With regard to the Kuwait Joint Support Office, the Secretary-General indicates that, in addition to providing transactional services to its existing clients,[13] the Office has assumed additional functions, such as: processing off-cycle payments for all non-African missions; processing education grant payments for the United Nations Military Observer Group in India and Pakistan and other missions; and serving as a second Department of Field Support payroll hub to process national staff and payroll for individual uniformed personnel for all the non-African missions as part of the deployment of Umoja cluster 5. **In this connection, the Advisory Committee recalls that, in accordance with General Assembly 70/248 A, any changes to the existing and future service delivery model must be approved by the Assembly.** The Committee also comments on this issue in its main report on estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (A/71/595).

29. With regard to Brindisi, the Advisory Committee recalls that, in his report on the budget for the United Nations Logistics Base at Brindisi, Italy, for the period from 1 July 2016 to 30 June 2017 (A/70/779), the Secretary-General indicated that the Logistics Base provided global information and telecommunications technology, logistics and supply chain operational management and enabling support services, including geospatial services, throughout the life cycle of field missions. He also indicated that he would not propose the expansion of shared services at the

[13] The United Nations Assistance Mission in Afghanistan, the United Nations Assistance Mission for Iraq, the Office of the Special Envoy of the Secretary-General for Yemen and the United Nations Regional Centre for Preventive Diplomacy for Central Asia.

Logistics Base for small field missions in the administrative areas of finance, human resources and procurement at this time.

G. Business case

30. In its resolution 70/248 A, the General Assembly made specific requests regarding the business case for the detailed global service delivery model proposal, emphasizing in particular that: (a) the detailed proposal should consist of a business case, including the establishment of an end-state vision, clear goals and objectives, as well as a detailed cost-benefit analysis containing information on qualitative and quantitative benefits; (b) the Secretary-General should support the business case for such a model with comprehensive baseline information on the provision of services for each process; and (c) future proposals related to the global service delivery model, including budget proposals related to qualitative and quantitative benefits from the development and implementation of the model, would be contingent on the presentation by the Secretary-General of clear benefit realization plans containing specific information on potential benefits to be achieved. The Assembly also requested the Secretary-General to review his proposal for taking February 2016 as a baseline for the development of the global service delivery model business case, taking into account the necessary stabilization period for the enterprise resource planning system, Umoja.

31. The Secretary-General indicates that the business case for service delivery proposals in five areas (human resources administration; payroll; accounts payable; the expansion of shared services to the field; and the consolidation of services in New York) is set out in sections V and VI.A of and annex III to his report and that further detailed information will be included in the respective proposals for the proposed programme budget for the biennium 2018-2019. He also indicates that the data provided to support the business case for the three service delivery proposals for human resources administration, payroll, and accounts payable include summaries of: (a) the current-state baseline information, including volume of activity and FTE by location; (b) future-state baseline information, including migration of FTE during phases 1 and 2, by location; and (c) calculation of the estimated preliminary quantitative benefit (see para. 37 below).

32. Information on expected benefits is provided in paragraphs 86 to 91 of the report of the Secretary-General, as well as under the proposals for individual functional areas (see sect. III.C above). With regard to qualitative benefits, the Secretary-General states that the global service delivery model will strengthen end-to-end process management for transactional services; focus on enhanced economy of scale and performance for transactions; improve consistency; increase transparency through the standardization of processes; and reduce the footprint in hardship and hazardous locations. With regard to quantitative benefits, according to the Secretary-General, preliminary baseline information and indicative quantitative benefit analysis as at August 2016 is provided in annex III to his report, and comprehensive baseline information on the provision of services for each functional area will continue to be gathered by the Secretariat, as requested by the General Assembly.

33. With regard to the expected costs of the global service delivery model, the Secretary-General indicates that they will be related to: (a) the design and

implementation of shared services, including project costs; (b) affected staff, including training and relocation costs; and (c) the need to leverage and retain experience and institutional knowledge during the implementation of shared services. He also indicates that detailed costs and quantitative benefits will be included in the respective budget proposals on the basis of the detailed design and implementation plans of each proposal.

34. With regard to baselines, the Secretary-General indicates that the information provided in annex III to his report includes elements such as the volume of transactional activity, the locations from which the service is provided, indicative full-time equivalents (FTEs)[14] and estimates of quantitative benefits as at August 2016.

35. With regard to FTE analysis, the Secretary-General indicates that it provides an estimate of the work effort required for a given volume of activity or activities, based on consistently applied work effort assumptions. He also indicates that a review of the specific positions or funding sources will be carried out in the context of the respective budget proposals for those locations affected in the first phase of implementation of the global service delivery model in 2018-2019. Annex III to the report of the Secretary-General contains baseline information in terms of current and expected future FTE requirements in 2018-2019 for the three end-to-end processes — human resources, payroll and accounts payable — proposed for consolidation in the initial phase (2018-2019), with a breakdown by location.[15] As indicated in paragraph 34 above, the baseline information and quantitative benefit analysis contained in annex III were preliminary as at August 2016 and continue to be updated.

36. The Advisory Committee is of the view that the FTE analysis with respect to the above-mentioned three processes raises a number of questions. For example, in the FTE analysis of the current baseline for human resources administration, reference is made to the number of payrolled staff rather than the number of administered staff, and no data are provided on the volume of activity (number of payrolled staff processed in Entebbe by 24 FTEs). Furthermore, the number of payrolled staff by FTE at each location shows wide variations by location, but no explanation is provided. In addition, in the cases in which data on expected benefits are provided, they are based on a 15 per cent benchmark used in the context of the global field support strategy rather than on actual efficiency gains recorded at the Regional Service Centre in Entebbe, which has been operational and providing shared services for more than six years. The Committee requested further details and updated information on the FTE analysis, but the information requested could not be provided in time for the issuance of the present report.

37. **The Advisory Committee is of the view that the FTE analysis provided in the report of the Secretary-General is very preliminary and that the data quality needs to be improved. Given that the FTE analysis serves as the basis**

[14] In this context, the term "FTE" is used to convert the hours worked by several staff performing specific functions on a part-time basis into the hours worked by a full-time employee.

[15] New York, Geneva, Vienna, Nairobi, Bangkok, Addis Ababa, Beirut, Santiago, Entebbe, Kuwait, Other (field missions and other locations) and Unassigned (transactions that could not be mapped to locations or that are generated by a centralized process).

for the estimation of the baseline information as well as for the estimation of quantitative benefits and efficiency gains, and is therefore a key tool used for building the business case and the cost-benefit analysis, the Committee stresses the need for reliable, accurate and comparable FTE analysis across duty stations. The Committee emphasizes the need for detailed information on the underlying methods and assumptions made in the development of the FTE analysis. The Committee also stresses the importance of ensuring that the FTE analysis for baseline information as well as future analyses on the evolution of the FTE requirements for performing administrative tasks can be measured, compared and verified in a consistent manner over time. Accordingly, the Committee recommends that the General Assembly request the Secretary-General to further deepen his FTE analysis for each of the service delivery proposals and provide updated information in his next progress report.

38. With regard to the request of the General Assembly that the Secretary-General review his proposal for taking February 2016 as a baseline for the development of the business case given the necessary stabilization period for Umoja, the Secretary-General states that, in view of the evolving and dynamic nature of the Organization, the collection of baseline information is considered to be an iterative process and will be repeated periodically to confirm project assumptions and forecasts of annualized transactions and to measure progress and performance. **While recognizing the need to refine the underlying analysis and assumptions of the FTE analysis, the Advisory Committee is of the view that there is a need to set a clear date for establishing the baseline from which to assess progress in the implementation of the global service delivery model project. In this connection, the Committee recalls that the absence of such baseline information has consistently hampered meaningful assessment of progress achieved in the implementation of other major business transformation projects such as Umoja and the global field support strategy.**

39. In this regard, the Advisory Committee recalls that in the framework report, the Secretary-General proposed the establishment of a baseline of February 2016, three months after the roll-out of cluster 4, when Umoja was expected to be stabilized. In his eighth progress report on the enterprise resource planning project (A/71/390), the Secretary-General indicated that the bulk of the improvements required for stabilizing Umoja Foundation and Extension 1 were expected to be completed by the end of 2016. He also indicated that the Umoja solution would continue to be streamlined in order to stay aligned with the global service delivery model initiative. **The Advisory Committee reiterates the importance of determining a clear cut-off date, both for establishing a baseline for the global service delivery model project and for identifying any future changes that may be required to align Umoja and the global service delivery model.**

40. **The Advisory Committee is of the view that the report of the Secretary-General responds only partially to the request of the General Assembly for a business case, a detailed cost-benefit analysis and comprehensive baseline information for each process. From the information contained in the Secretary-General's report, the Committee notes that many of the elements requested by the Assembly, including a fully developed business case with a cost-benefit analysis and comprehensive baseline information which need to be further**

developed are proposed to be included in the budgetary proposals for 2018-2019. However, the Committee is of the opinion that this will result in a fragmented view. The Committee emphasizes that the purpose of the detailed report was to provide the Assembly with a comprehensive proposal and a full picture of a global service delivery model for the United Nations Secretariat, and that a detailed business case including clear baseline information and a cost-benefit analysis is a key element for informed decision-making on proposals that have far-reaching financial and organizational implications.

H. Organizational readiness and risk assessment

41. In its previous report (A/70/436), the Advisory Committee emphasized that the implementation of a new service delivery model would have a significant impact on organizational structures of the United Nations Secretariat, lines of accountability, working methods, processes and procedures. In his report, the Secretary-General indicates that a risk framework is being developed to fully evaluate the appropriate risk tolerances of different clients and operational contexts of a global but differentiated global service delivery model, particularly in field environments. He also provides information on the methodology for the development of the risk framework and general information on risk management.

I. Comments and observations on the service delivery proposals

42. The Advisory Committee notes that the Secretary-General's proposals for the implementation of the first phase of the global service delivery model in 2018-2019 involve changes in the delivery of human resources administration, payroll and accounts payable services across the entire Secretariat, as well as the consolidation of administrative services at Headquarters in New York and the expansion of shared services to the field to provide services to an additional 25 missions. **As indicated in the paragraphs above, the Advisory Committee is of the view that the report of the Secretary-General does not provide complete information for decision-making by the General Assembly and that many of the proposals need further refinement and development.**

43. **Furthermore, given the scale and scope of the proposals, which involve the concurrent implementation Secretariat-wide of shared services for human resources administration, payroll, accounts payable and some travel functions, as well as the expansion of shared services to the field and the consolidation of administrative services at Headquarters in New York, and taking into account also that the proposals are still preliminary and need further development, the Advisory Committee is of the view that there is a need to take into account the capacity of the Organization to implement in parallel another major business transformation initiative. It is also important to ensure that Umoja Foundation and Extension 1 processes will be fully stabilized and operational for the implementation of the global service delivery model. At the same time, the Committee recognizes, as indicated by the Secretary-General, that the global service delivery model is closely interrelated with and is an extension of Umoja, and is required in order to fully realize the potential benefits of Umoja.**

44. With the above considerations in mind, the Advisory Committee believes that it is in the best interest of the Organization to adopt a more sequential approach to the implementation of the first phase of the global service delivery model, with implementation at a limited number of locations rather than at all six locations concurrently. The Committee believes that such a pragmatic approach would allow the Secretariat to fully develop its proposals and also provide an opportunity to test and implement the global service delivery model in a pilot environment. It would also allow the United Nations to absorb more gradually the significant organizational changes that will undoubtedly result from the implementation of a global service delivery model and the consolidation of administrative services across the Secretariat.

45. The Advisory Committee is of the view that, prior to embarking on a major consolidation of administrative services in New York, the global service delivery model should be tested at duty stations such as Geneva and Nairobi, which provide a wide range of services to a large number of clients and have different levels of volume of activity, but where there are a fewer number of offices involved in the provision of administrative support services (see para. 50 below).

46. As indicated in paragraph 19 above, the Advisory Committee is of the view that the proposals regarding the expansion of shared services to the field are at a very preliminary stage, and notes that a readiness assessment of the Regional Service Centre in Entebbe and missions and the review of the Kuwait Joint Support Office are envisaged to be conducted in the early part of the design phase. The Advisory Committee recommends that the Secretary-General be requested to include in the above-mentioned assessment a comprehensive study taking into account the existing service delivery arrangements of the three locations from which shared services are provided for peacekeeping and special political missions (the Regional Service Centre in Entebbe, the Global Service Centre in Brindisi, and Kuwait (see paras. 28 and 29 above)), as well as future needs. The Committee also recommends that the Secretary-General be requested to include in his next report containing a detailed proposal for the global service delivery model a fully developed concept for the expansion of shared services to the field, including a business case and comprehensive baseline information, for consideration by the General Assembly, taking into account the comments and observations in the present report.

J. Lessons learned and cooperation with other entities

47. In its previous report, the Advisory Committee noted that a wide range of shared service arrangements had been implemented by other United Nations system entities, and encouraged the Secretary-General to draw fully upon the experience and expertise acquired and lessons learned in the implementation and use of shared services within the United Nations system. In this connection, the Committee recalls that in paragraph 321 of its report on the United Nations for 2015 (A/71/5 (Vol. I), chap. II), the Board of Auditors emphasized that the Secretariat could benefit from the lessons learned and experience of other United Nations system entities, whose administrative support models included shared services centres, including in the

areas of customer service, performance and governance. The Committee also recalls that in its programme of work for 2016, the Joint Inspection Unit included a review of the delivery of administrative services in selected United Nations system organizations (see A/71/34). **The Advisory Committee continues to encourage the Secretary-General to draw on the lessons learned by other United Nations system organizations that have implemented shared services, and trusts that the Secretary-General will provide an update on this matter in the context of his next progress report on the global service delivery model.**

IV. Resource requirements

Project team

48. The Secretary-General is proposing the establishment, on a temporary basis, of a dedicated global service delivery model project team in the Office of the Under-Secretary-General for Management to continue to develop the detailed global service delivery model, lead all activities related to the detailed design and implementation of the various proposals presented in his report, and support all activities related to the ongoing assessment of processes categorized as "hub" processes. Specific activities of the project team include project management (including change management and communications), the thematic and organizational design of human resources administration, payroll, accounts payable, the shared services centre in New York and the expansion of shared services to the field. The team would be composed of eight positions (1 Principal Officer (D-1), 1 Senior Programme Officer (P-5), 5 Management Officer (P-4) and 1 General Service (Other level)). The additional requirements for the project management team for the period from 1 January to 31 December 2017 amount to $1,708,600, to provide for general temporary assistance for the eight proposed positions ($1,597,200) and related requirements for information technology ($25,160), communications ($5,240) and supplies ($4,000), as well as estimated requirements of $77,000 to provide for travel of the project management team related to the design of shared services centres and the location assessment.

49. **In view of its comments and recommendations in paragraph 45 above regarding the implementation of two instead of the proposed six locations in phase 1 (2018-2019), the Advisory Committee recommends the approval of four of the eight positions proposed for the project team, as follows: one Principal Officer (D-1) and three Management Officer (P-4) positions. The Committee recommends against the approval of the remaining four positions proposed for the project team (1 P-5, 2 P-4 and 1 General Service (Other level)). Any related non-post resources should be adjusted accordingly.**

V. Conclusions and recommendations

50. **The actions requested of the General Assembly are set out in paragraph 137 of the report of the Secretary-General. Subject to its comments and recommendations above, the Advisory Committee recommends that the General Assembly:**

(a) Take note of the report of the Secretary-General;

(b) Invite the Secretary-General to include detailed proposals for the implementation of the service delivery proposals for human resources administration, payroll, and accounts payable for the United Nations Office at Geneva and the United Nations Office at Nairobi in the proposed programme budget for 2018-2019;

(c) Request the Secretary-General to submit for consideration by the General Assembly during its seventy-second session a report on the global service delivery model containing a comprehensive and fully developed proposal.

51. Taking into account the recommendations of the Advisory Committee in paragraphs 25 and 49 above on cost-sharing arrangements and the resource requirements for the project team, the Committee also recommends that the General Assembly:

Programme budget

(a) Appropriate an amount of $143,900 under the programme budget for the biennium 2016-2017 under section 29A, Office of the Under-Secretary-General for Management, representing the regular budget share until 31 December 2017, which would represent a charge against the contingency fund for the biennium 2016-2017;

Support account for peacekeeping operations

(b) Note that resource requirements in the amount of $594,600 will be included in the subsequent requirements for the support account for peacekeeping operations for the financial period from 1 July 2017 to 30 June 2018;

Extrabudgetary resources

(c) Note that requirements in the amount of $220,600 will be funded from extrabudgetary resources in the financial period from 1 January to 31 December 2017.